

## Message Text

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PAGE 01 KINGST 01535 101815 Z

73

ACTION ARA-17

INFO OCT-01 ADP-00 IO-12 AID-20 STR-08 EB-11 COME-00 FRB-02

TRSE-00 OMB-01 XMB-07 OIC-04 CIAE-00 DODE-00 PM-09

H-02 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01

SS-15 USIA-12 EUR-25 AF-10 RSR-01 /185 W

----- 027529

R 101740 Z MAY 73

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 1859

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E. O. 11652: N/ A

TAGS: EAID EFIN JM XM

SUBJ: IDB GOVERNORS MEETING

1. MEETING, FOR MOST PART, WAS UNEVENTFUL. USUAL THEMES, SUCH AS EXPROPRIATION AND U. S. FSO VETO ( WHICH IS OTHER SIDE OF THIS COIN), LACK OF LOANS TO CHILE AND PERU, IMPROVED EXPORT FINANCING FACILITIES, ALL CAME UP, BUT WITH NOT TOO MUCH STRIDENCY. PARAGUAY SUGGESTED RETROACTIVE APPLICATION OF LIBERAL FSO TERMS AGREED TO LAST YEAR, AND COSTA RICA WANTED LESS LOCAL CURRENCY CONTRIBUTION ON ITS PROJECTS, AND THESE WERE REFERRED TO EXECUTIVE BOARD IN NEUTRAL LANGUAGE.

2. ALL RESOLUTIONS WERE REFERRED TO EXECUTIVE BOARD FOR FURTHER STUDY. ALSO, IN EACH CASE, RESOLUTION PHRASED IN NEUTRAL MANNER.

3. THE POTENTIALLY MOST DIVISIVE ISSUE-- U. S. EXPROPRIATION POLICY AND THE U. S. VETO IN THE FSO-- WAS CITED MANY TIMES, BUT GENERALLY IN MODERATE TERMS. THE CHILE, ARGENTINE RESOLUTION WHICH DEALS WITH THIS ISSUE IN THE CONTECT OF POSSIBLE UPDATING OF THE IDB ARTICLES, DOES NOT CITE THE LIMITED OFFICIAL USE

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VETO NOR DOES IT NECESSARILY CALL FOR THE EXECUTIVE BAORD  
TO MAKE PROPOSALS AS A RESULT OF ITS STUDY.

4. SUB- COMMITTEE OF GOVERNORS MEETING ON NON- REGIONAL  
MEMBERSHIP PROVIDED PRESIDENT ORTIZ MENA ADDITIONAL  
NEGOTIATING FLEXIBILITY BY ALLOWING A PAID- IN- CALLABLE CAPITAL  
RATIO OF 17 PERCENT-83 PERCENT FLOOR BUT RETAINING  
PREVIOUS OVERALL CASH PAY- IN FLOOR OF \$ 500 MILLION OF WHICH  
NOT LESS THAN \$375 MILLION TO BE SOFT. IN SUBSEQUENT  
MEETING BETWEEN BANK AND NON- REGIONALS, THEY RECORDED  
GENERAL SATISFACTION ON LATEST FORMULA AND OPTIMISM  
ON FAVORABLE OUTCOME. GERMAN BUDGET TIMING AND AMOUNT STILL  
MAJOR STUMBLING BLOCK. SWEDES RAISED POINT OF HAVING SEPARATE  
FSO FUNDS FOR NON- REGIONALS IN REGARD TO U. S. VETO- BUT  
WITHOUT OTHER MAJOR SUPPORT. SWEDES APPROACHED U. S.  
SEPARATELY AND WE DISCOURAGED ANY FURTHER CONSIDERATION OF  
THAT AS REAL OPTION SINCE OUR ORIGINAL PROPOSAL WAS BASED  
ON A MINIMUM U. S. SHARE OF 34.5 PERCENT AND STILL A SIN QUA NON.  
BELIEVE ISSUE WILL DIE THERE, BUT SWEDES MAY CONTINUE  
LOBBY OTHER EUROPEANS. NEXT STEP IS A NON- REGIONAL MEETING  
IN LONDON BETWEEN NOW AND SEPTEMBER AND A JOINT BANK-  
NON- REGIONAL MEETING IN NAIROBI, HOPEFULLY TO BUTTON UP FINAL  
DETAILS IN ORDER TO OBTAIN APPROVAL AND SUBMISSION TO  
GOVERNMENTS ( LEGISLATURES) BY YEAR END.  
DE ROULET

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NMAFVVZCZ

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

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**Disposition Approved on Date:**  
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**Status:** <DBA CORRECTED> mcm 980108  
**Subject:** IDB GOVERNORS MEETING  
**TAGS:** EAID, EFIN, JM, XM  
**To:** ARA  
SECSTATE WASHDC  
**Type:** TE  
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